ABSTRACT OF THE DISCLOSURE

[0042]   The system and method for binding documents as described creates documents having features such as tabs, finger indexes, tear-out cards, and windows. These features are desirable for both their appearance and functionality and are easily added to a document during sheet-by-sheet processing. A sheet-wise binding system includes a sheet transport path for transporting a plurality of printed sheets in a sheet-wise manner and a punch configured to punch a feature into at least one of the sheets traveling through the sheet transport path. A stacking system is provided for stacking the punched and unpunched sheets and a binding system for binding the stacked sheets is used to form a finished document. A controller is programed to control the sheet transport path and the punch to create the features in selected sheets and at selected locations in the sheets according to a punch schedule.